2026 SMU Cox NAPE Energy Innovation Case Competition

Strategic Response to Dissident Investor Activism

JV/PPA with AWS | Nuclear-Powered Data Center Strategy

Team Members
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Company Background & Real-World Precedent

OUR COMPANY

- 13,000 MW total capacity (Nuclear + Gas + Coal)
- 2,200 MW nuclear plant — PJM RTO
- $20B market cap | 45M shares | $444/share
- 30x EV/EBITDA | BB credit rating
- 9% dissident investor → 10% = special meeting
- Target: 30% Adj FCF/share growth

REAL CASE: TALEN ENERGY (TLN)

- 13,100 MW capacity — nearly identical fleet
- 2,500 MW Susquehanna nuclear — PJM RTO
- Sold Cumulus DC to AWS for $650M (Mar 2024)
- 20-year nuclear PPA with AWS through 2042+
- Stock: $60 → $389 — 6.5x appreciation
- Market cap: $3B → $17.6B post-deal

Market & Financial — Options 1 & 2

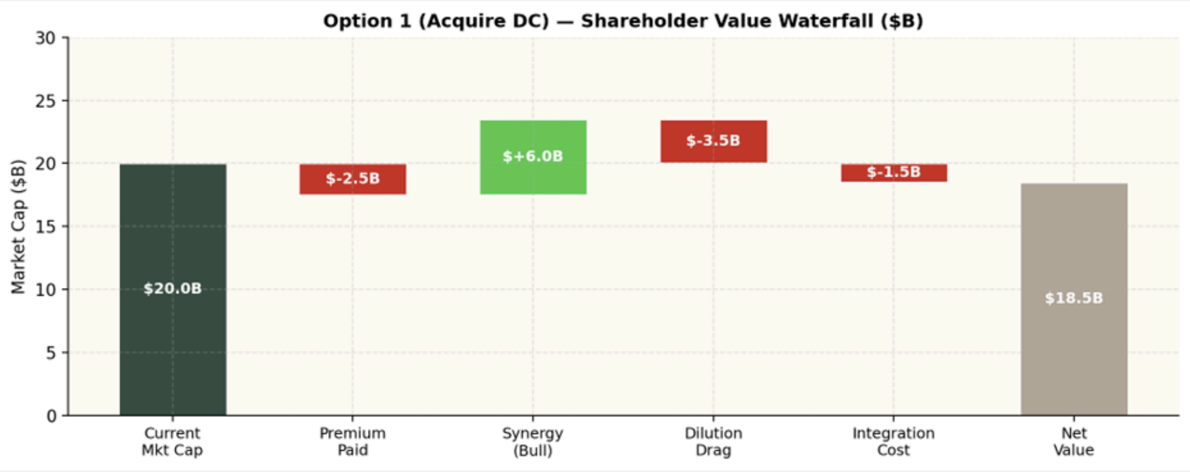
Option 1: Acquire Data Center ($4–6B)

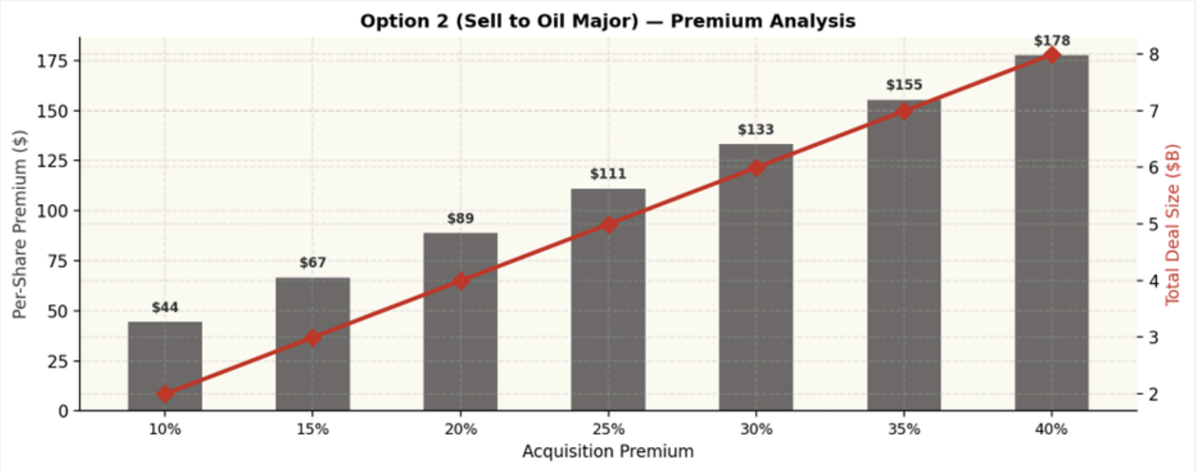
✓ PROS	✗ CONS
Full value chain control	$4–6B cost → massive debt/dilution
Multiple expansion potential	Dilutive to FCF/share Years 1–2
Direct AI/DC exposure	No IPP has done this successfully
Revenue diversification	Integration risk (power ≠ DCs)
Strategic optionality	BB rating at risk of downgrade

Option 2: Sell to Shell/ExxonMobil

✓ PROS	✗ CONS
Immediate 20–30% premium	Company ceases to exist
Satisfies dissident with exit	0% FCF growth — no upside
Certain value realization	ESG funds divest (oil major)
De-risks shareholders	Hyperscalers may cancel PPAs
No execution risk	NRC transfer: 12–18 months

VERDICT: Option 1 too expensive ($4–6B) and dilutive. Option 2 destroys long-term value. Neither unlocks the AI premium.





Option 3: JV/PPA with AWS — Our Recommendation

Deal Structure (Talen Playbook)

PPA Partner: Amazon Web Services (AWS)

Capacity: 1,500–2,000 MW nuclear

Price: $90–100/MWh (vs $51 merchant) → +86%

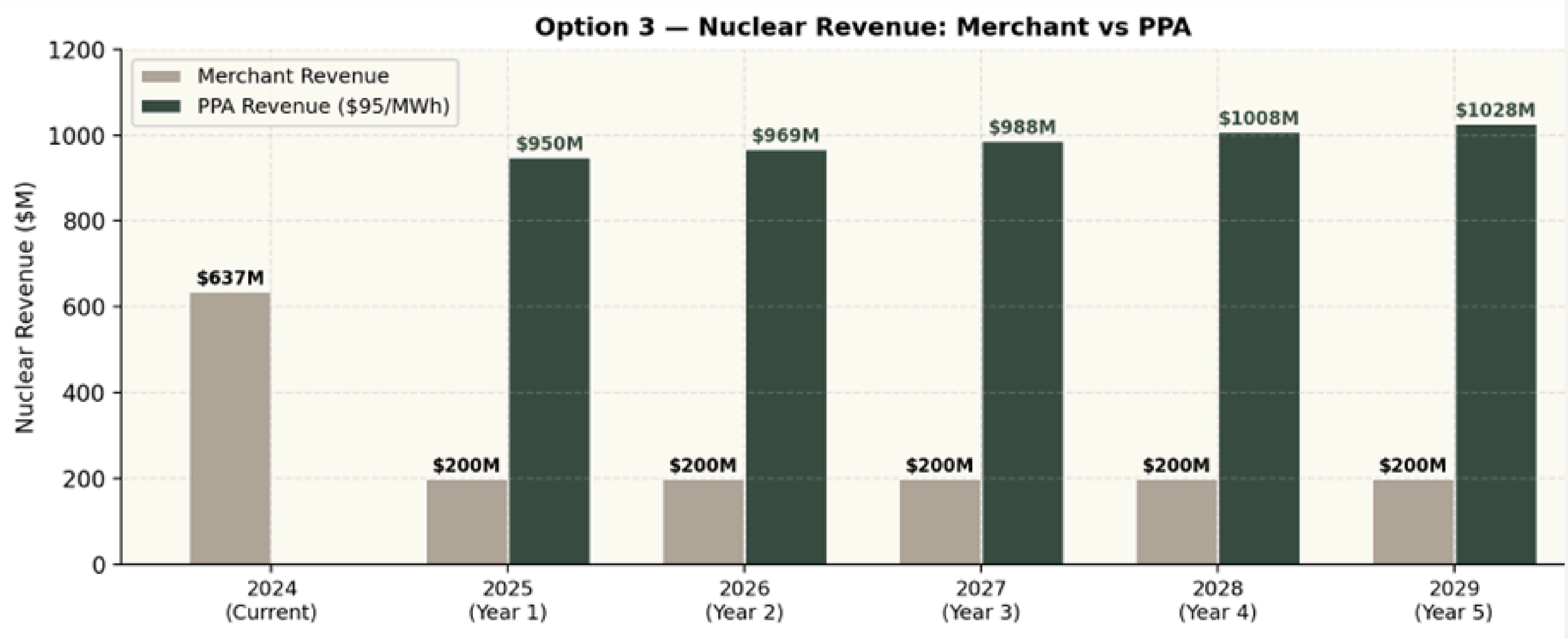
Duration: 20 years (2026–2046)

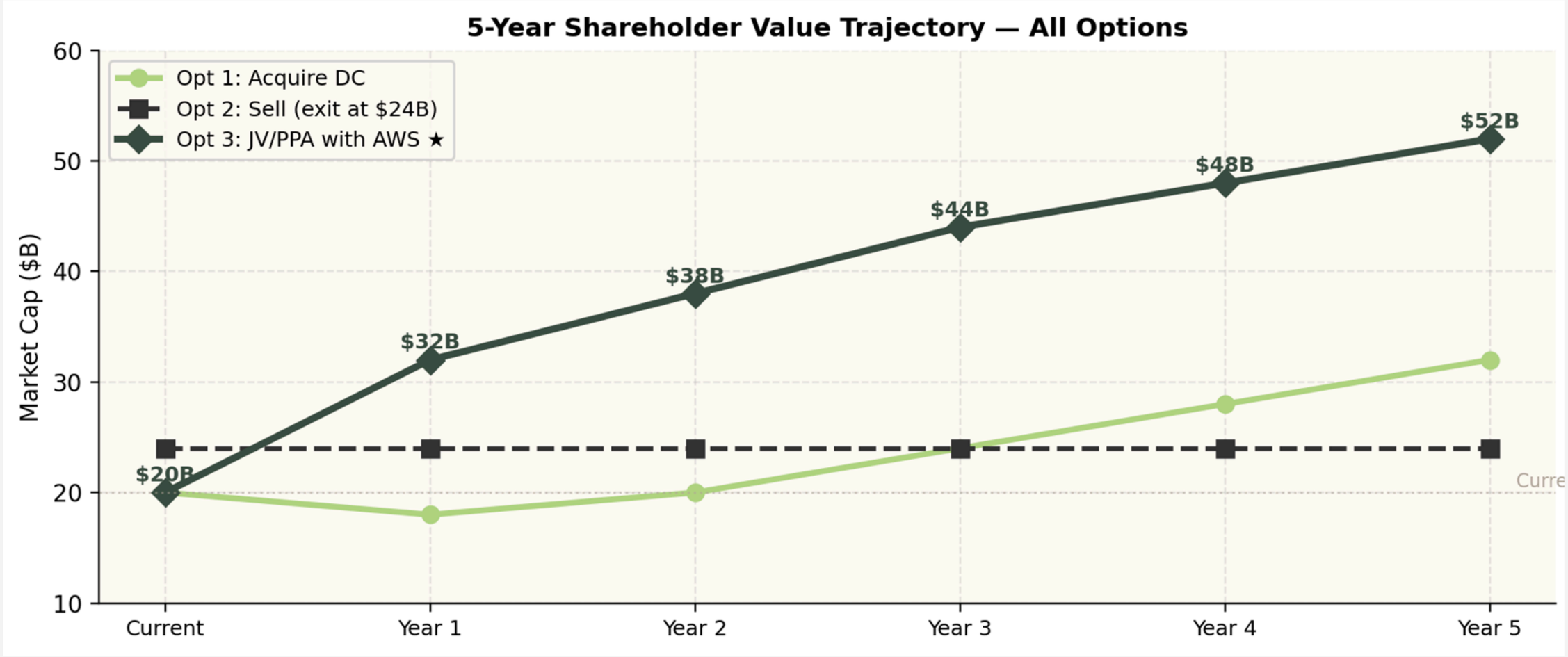
Investment: $200–400M (from cash — ZERO dilution)

DC Campus: 100–200 MW IT → sale to AWS $750–900M

✓ PROS	✗ CONS
+65% FCF growth (vs 30% target)	Concentrated on single partner
$200M cost vs $4–6B (Option 1)	PPA locks in price (upside cap)
Proven by Talen: 6.5x stock	FERC scrutiny on BTM arrangement
Zero equity dilution	Nuclear ops risk during transition
Preserves independence	DC campus construction timeline
Satisfies dissident immediately	DC acquisition integration risk

Option 3 — Revenue & FCF Impact




5-Year Shareholder Value Trajectory — All Options
Opt 1: Acquire DC
Opt 2: Sell (exit at $24B)
Opt 3: JV/PPA with AWS ★
Market Cap ($B)
60
50
40
30
20
10
$20B
$32B
$38B
$44B
$48B
$52B
Current
Year 1
Year 2
Year 3
Year 4
Year 5

Operational & Execution — Options 1 & 2

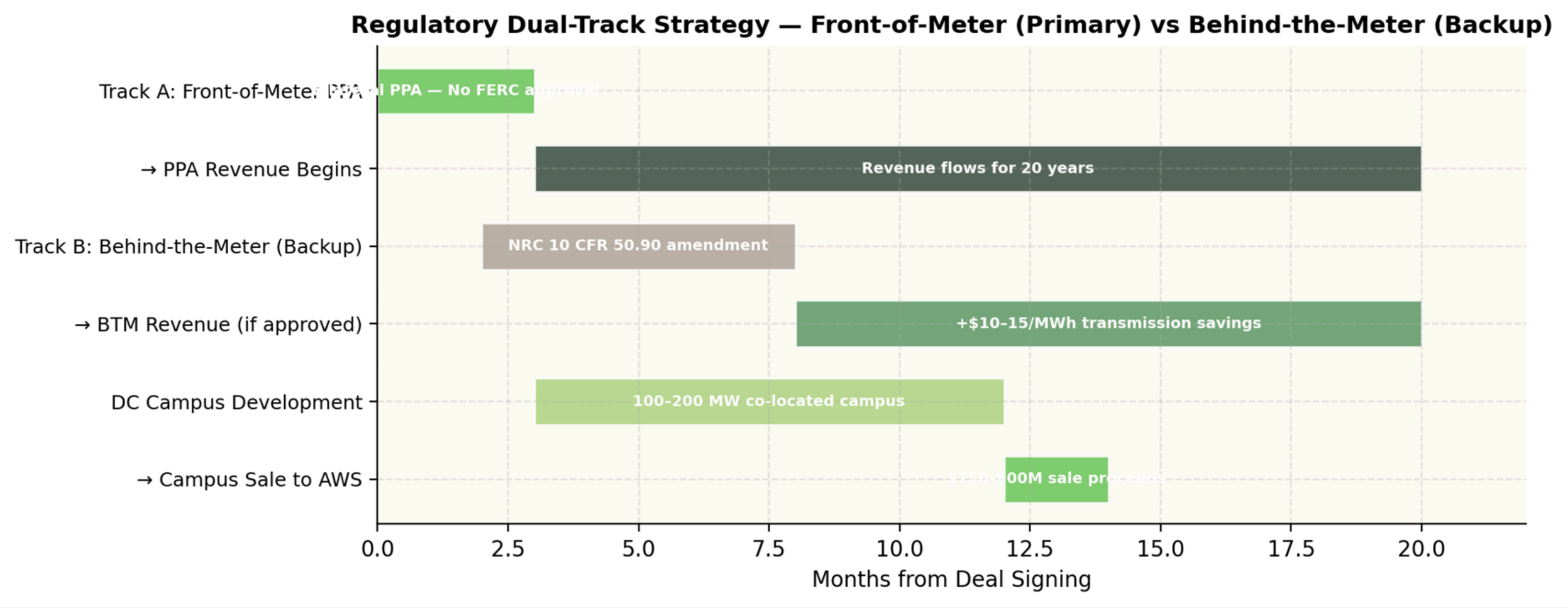
Option 1: Acquire DC — Execution

Challenge	Severity	Detail
Integration complexity	HIGH	Power gen ≠ DC operations
Capital deployment	HIGH	$4–6B — 18–24 month fundraise
Talent gap	MEDIUM	Need DC engineers, not plant ops
Regulatory	MEDIUM	FERC, PUC, antitrust: 6–12 months

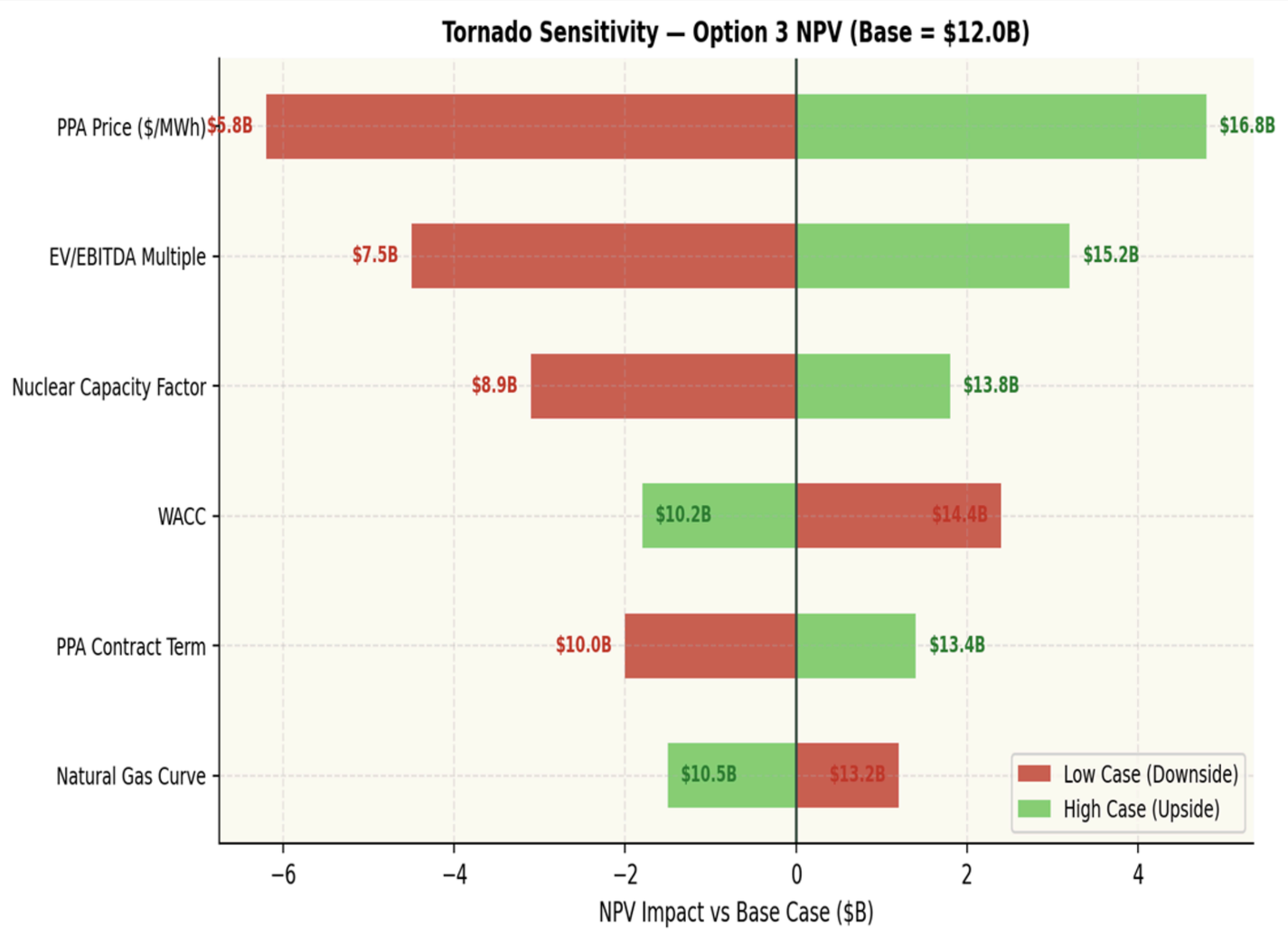
Option 2: Sale — Execution Risks

Challenge	Severity	Detail
NRC license transfer	HIGH	12–18 months, $10–20M legal
ESG backlash	HIGH	Oil major → ESG funds divest
PPA termination	HIGH	AWS/MSFT may exit nuclear PPAs
Culture clash	MEDIUM	Oil major parent disruption

Option 3 — Execution Roadmap



Sensitivity Analysis — What Drives Value



Key Takeaways

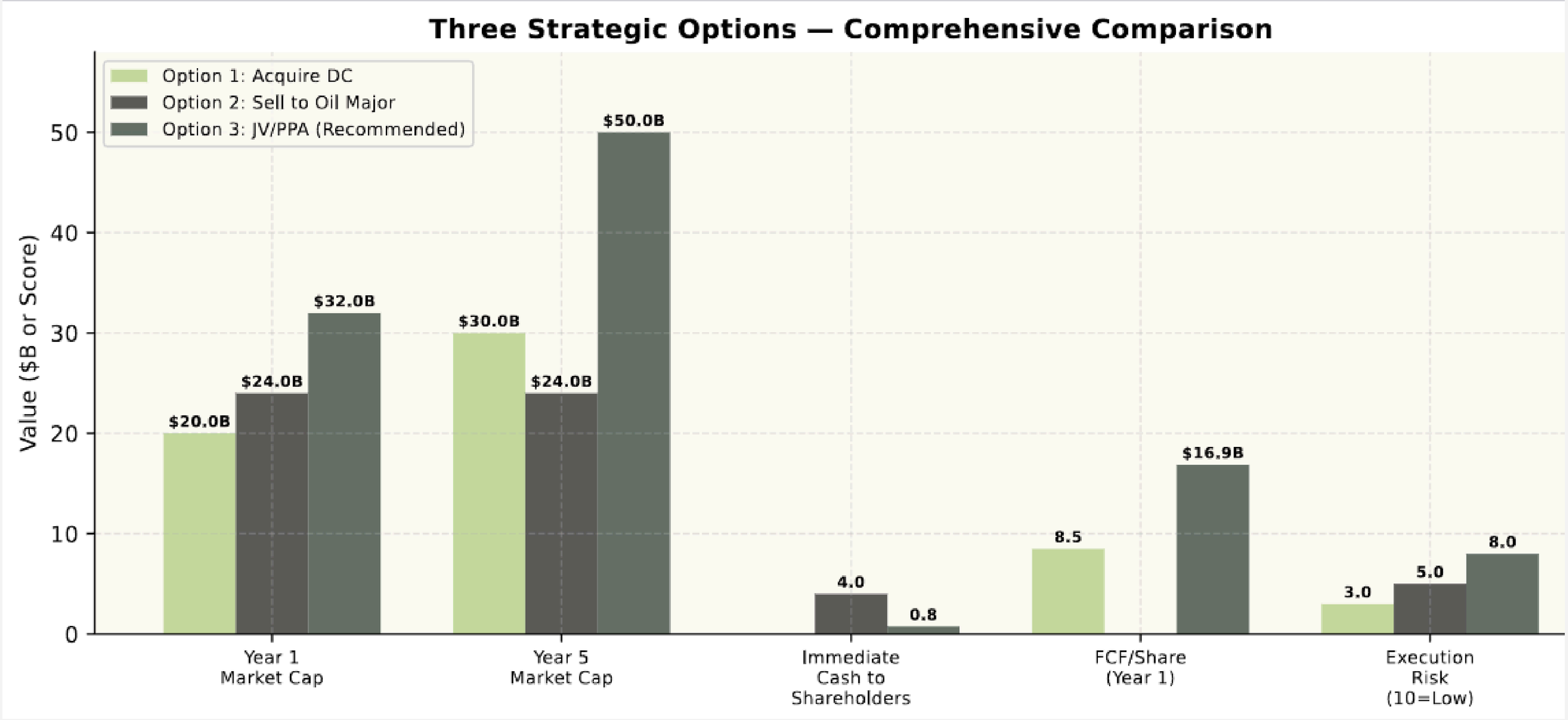
PPA Price = #1 Driver
$11B NPV swing. Run competitive bidding among AWS, MSFT, Google.

Multiple Re-Rating
$7.7B swing. Talen 28x is our floor; 40x achievable.

Nuclear CF Stable
92%+ CF industry-proven. Lowest-risk input.

Even Low Case Wins
$75/MWh → +$290M/yr vs merchant. $5.8B NPV.

Comparative Analysis — All Three Options



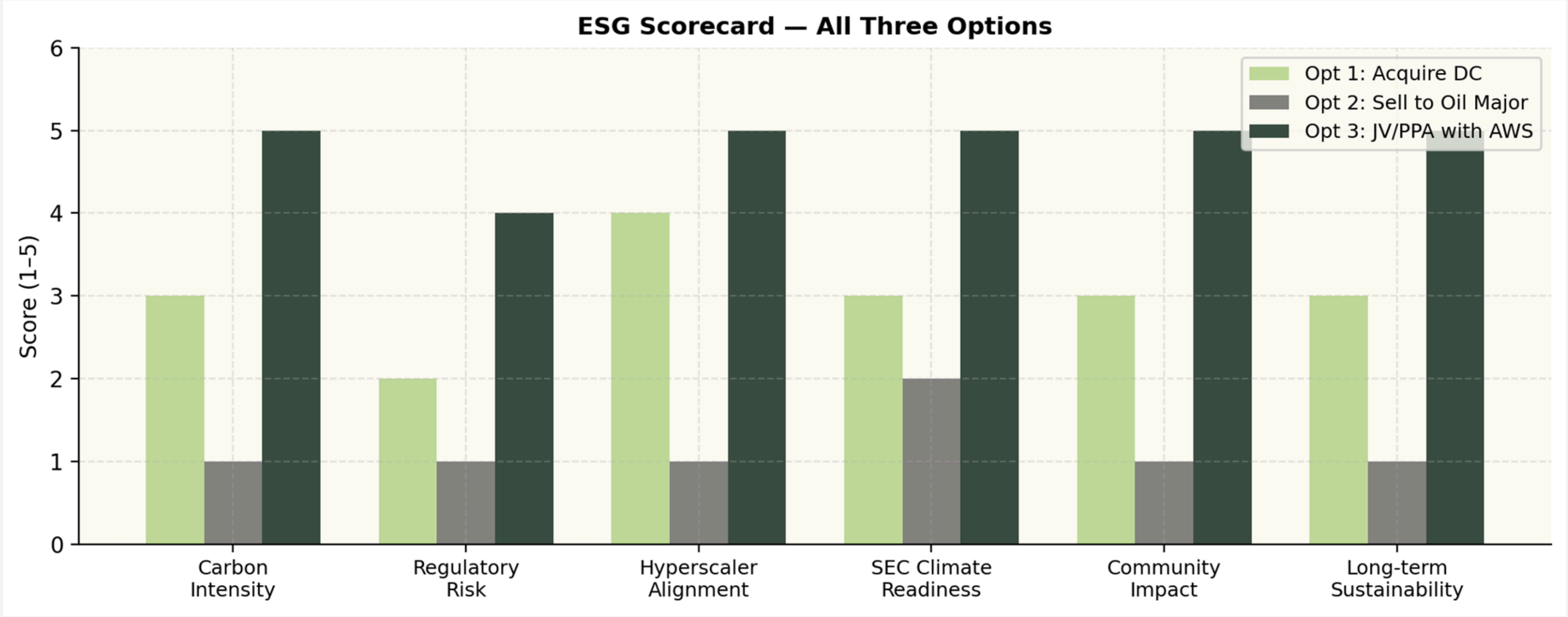
Deal

Component	Talen–AWS Deal (Actual)	Our Proposed Deal
Asset sold	Cumulus data center campus	New co-located DC campus (to be developed)
Sale price	$650M	$750–900M
Nuclear capacity	2,500 MW Susquehanna	2,200 MW nuclear plant
PPA duration	Through 2042+	20 years (2026–2046)
PPA price	Estimated $85–100/MWh	$90–100/MWh
Behind-the-meter	Yes (co-located)	Yes
Partner	Amazon Web Services	**Amazon Web Services** (primary target)

Risk Assessment & Mitigation

Risk	Probability	Impact	Mitigation
PPA negotiation fails	**Low (20%)**	**High**	Competitive bid: AWS, MSFT, Google, Meta all want nuclear
FERC blocks BTM	**Med (30%)**	**Medium**	Front-of-meter PPA primary (no FERC needed); BTM is backup only
Nuclear plant outage	**Low (10%)**	**High**	92%+ CF; dual-unit redundancy; force majeure clauses
PPA price below target	**Med (25%)**	**Low**	Even $75/MWh = +$290M/yr vs merchant
Dissident escalates first	**Med (35%)**	**Medium**	Board seat offer; announce framework early
DC construction delay	**Med (30%)**	**Low**	PPA revenue starts Day 1 regardless of campus

ESG & Sustainability

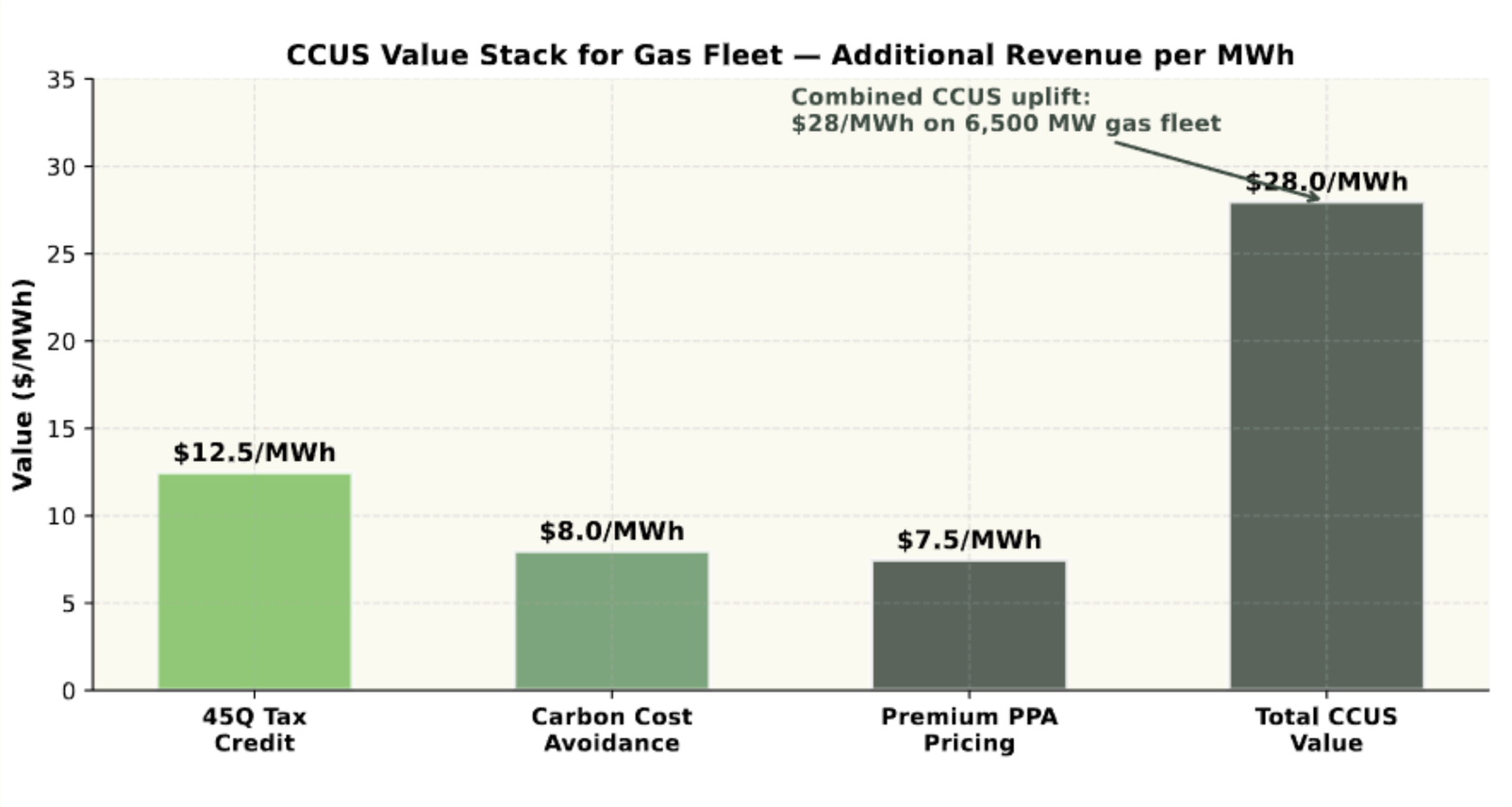


ESG Value: $2–4B Over 5 Years

+1–2x EV/EBITDA from ESG premium | Green bond savings $15–25M/yr | 45Q credits $85–350M/yr

Option 2 DESTROYS ESG value (oil major ownership → ESG funds divest)

Risk Assesment & Solution



Our Offering	Carbon Intensity	Availability
Nuclear (2,200 MW)	0 lb CO_2/MWh	92% CF
Gas with CCUS (6,500 MW)	~72 lb CO_2/MWh (90% capture)	Dispatchable
Combined fleet	**~15 lb CO_2/MWh blended**	**99.9% reliability**

Nuclear Regulatory & Risk Management

Body	Concern	Risk	Our Solution
NRC	License amendment for DC	**Low–Med**	No change for FoM PPA; BTM has Talen precedent
FERC	BTM reduces grid capacity	**Medium**	FoM PPA primary (no approval); Talen survived FERC
State PUC	DC siting permits	**Low**	Nuclear sites have industrial zoning already
PJM RTO	Capacity obligation	**Medium**	Maintain FoM to preserve capacity revenue